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THRU :
THRU :

Comments and Information Relating to
Diameter Pipe in the USSR

Report on Large

REFERENCES: Soviet Pipeline System,
19 September 1962, to

Representatives of the Ferrous Metals Branch and the Fuels Branch of the Office of Research and Reports have examined the referenced document and offer the following comments and additional information for your consideration in preparing a response memorandum:

A. Soviet Capability to Produce 40-inch Pipe:

1. Soviet production of 40-inch pipe during 1962-65 is estimated by the UK at 850,000 tons (UK enclosure, par. 3). As is implied in par. 3 of the summary of US comments on memorandum, acceptance of the estimate requires some qualifications. Presently available intelligence information suggests that the 850,000 ton figure probably should be viewed as the upper limit of production, barring a crash program for expanding output, rather than a minimum estimate as is implied by par. 5 of the enclosure.

2. The USSR has put in operation only two mills capable of producing 40-inch pipe. The first began operating on a limited basis late in 1961 at Novo Moskovsk. Apparently this is not an efficient operation (the facilities were described as "obsolete" in the Soviet press) and the plant was continuing to experience production problems incidental to start-up early in 1962. The only other source of production of 40-inch pipe is the Zhdanov Ilyich plant where production of the first "batches" of pipe was announced in a report published in April 1962.

3. Two additional mills are planned to be put in operation in 1963. One is under construction at the Chelyabinsk Tube Works, which after 1962 is planned to be the main supplier of 40-inch pipe. Construction of these facilities has been behind schedule since the

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project was started in January 1962. Barring a reversal of present trends, this capacity is unlikely to be completed and to have gone through the initial period of adjustment that is incidental to starting-up operations of such facilities before the close of 1963. This would mean that relatively little output would be obtained from this plant until early in 1964. The only other new capacity is planned for Novo Moskovsk, where new construction apparently was begun only in August 1962. This suggests that it will be near the end of 1963 before even initial production can be expected from this mill.

4. As the estimates indicate, Soviet production of 40-inch pipe is unlikely to reach a sizable amount before 1964. However, it is questionable whether the production levels forecast for 1964-65 should be viewed as minimum levels, as can be inferred.

E. Soviet Requirements for 40-inch Pipe

At risk of repeating information which this Office has previously provided Department of State, we would note that the Seven Year Plan for the USSR (1959-65) calls for the construction of about 8,000 kilometers of 40-inch oil and gas pipeline. Such construction will require about 2.4 million metric tons of pipe. This Office's most current estimate of contracts and deliveries of such pipe is as follows:

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Report on

Soviet Purchases of 40-Inch
Steel Line Pipe From the West
(1959 to Mid-1962 a/
(Metric Tons)

<u>Exporting Country</u>	<u>Quantity Already Delivered</u>	<u>Quantity Remaining on Contract</u>	<u>Total</u>
West Germany	500,000	205,000 <u>b/</u>	705,000
Italy	95,000	85,000 <u>c/</u>	180,000 <u>d/</u>
Sweden	<u>37,000</u>	<u>98,000</u> <u>c/</u>	<u>135,000</u>
Total	632,000	388,000	1,020,000

a. There were no deliveries of 40-inch line pipe from the West to the USSR before 1959.

b. Delivery dates not known.

c. To be completed by 1964.

d. The original pipe contract with Italy called for delivery of 240,000 tons of 40-inch pipe, but Italy, in response to pressure from the US, was able to secure a 60,000 ton reduction in this contract.

C. The following comments on the status of construction on some of the major sectors of the Soviet Bloc pipeline systems represent a summary of the most recent information available to this Office and may be of some help to you in your current project:

1. The section of the USSR-Satellite pipeline from Brody (USSR) to Bratislava (Czechoslovakia) went into operation in the early winter 1962. In early July 1962 it was reported that a total of about 1

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million metric tons of crude oil had been shipped through the line.

2. The branch line from Sahy (Czechoslovakia) to Szazhalombatta (Hungary) was reported to be undergoing pressure tests early in the summer of 1962, with the expectation of initial operations beginning in the late summer or early fall.

3. The construction of the line across Poland was reported to have been about half completed as of July 1962.

4. Within the USSR, construction has been reported underway on all sectors of the USSR-European Satellite crude oil line. Early in the Spring of 1962, it was reported in the Soviet press that work was under way on the eastern end of the pipeline out of Kuybyshev. This was the first positive indication of use of 40-inch diameter pipe by the USSR in oil pipeline construction.